

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. M-150
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ORDER REQUIRING DELINEATION

(Issued May 28, 2002)

Interstate Power and Light Company (IPL) has announced its intentions to commit approximately 4,671 miles of transmission line and related substations to TRANSLink, a for-profit transmission company that will in turn participate in the Midwest Independent Transmission System Operator, Inc. (MISO), organization. The Federal Energy Regulatory Commission (FERC) issued an order on April 25, 2002, conditionally authorizing IPL to transfer its FERC-jurisdictional facilities (i.e., transmission facilities) to TRANSLink. FERC in its order noted that TRANSLink proposes to base its ratemaking allocations, at least in part, on a power flow analysis. However, only a brief description of that analysis has been provided to date. FERC also based its order on the statement from the TRANSLink participants that the proposed transaction would not adversely impact state or federal regulation.

The transfer of transmission facilities by IPL to TRANSLink is subject to review by the Utilities Board (Board). Iowa Code § 476.77 provides that such transfers,

which are included in the definition of reorganizations, "shall not take place if the Board disapproves."

In FERC Order 888 (May 10, 1996), the Commission reaffirmed its prior jurisdictional tests and conclusions for determining what facilities are subject to federal jurisdiction (i.e., transmission) and what facilities are subject to state jurisdiction (i.e., local distribution). Order 888 contemplated a seven-factor test, applied on a case-by-case basis, to determine the demarcation between transmission and distribution. Order 888 contemplated that the appropriate state regulatory body would first review the delineation, with the state recommending the appropriate delineation to FERC.

The Board issued an "Order Recommending Delineation of Transmission and Local Distribution Facilities," on April 30, 1999, for MidAmerican Energy Company (MidAmerican), another participant in TRANSLink. IPL has not filed with the Board for delineation. While IPL proposes to transfer 4,671 miles of what it calls transmission lines to TRANSLink, the Board is not prepared to state that IPL has 4,671 miles of transmission lines because no delineation pursuant to FERC's seven-factor test or other tests of functionality has been made.

The formation of TRANSLink brings to the forefront the need to identify transmission versus local distribution facilities. The regional transmission organization process urged by FERC has made it necessary for delineation to occur even if a state, like Iowa, has not adopted retail access. Therefore, as part of any reorganization filing to transfer facilities to TRANSLink, IPL will be required to submit

for the Board's consideration a delineation report using methodology similar to that used in Docket No. SPU-98-12. While the Board recognizes that utility systems are built and operated differently, which may lead to some lines being categorized in one system as transmission that in another system would be local distribution, the Board believes it is appropriate to use consistent methodologies. This is particularly true because MidAmerican and IPL are both potential members of TRANSLink.

IT IS THEREFORE ORDERED:

Interstate Power and Light Company shall file for a delineation of its transmission versus local distribution facilities, using a methodology similar to that used in Docket No. SPU-98-12, on or before the date it files a reorganization pursuant to Iowa Code §§ 476.76 and 476.77 with respect to the transfer of transmission facilities to TRANSLink.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 28th day of May, 2002.